
**PURSUANT TO INTERNAL REVENUE CODE
SECTION 7463(b), THIS OPINION MAY NOT
BE TREATED AS PRECEDENT FOR ANY
OTHER CASE.**

T.C. Summary Opinion 2008-30

UNITED STATES TAX COURT

JAY ANDREW REINDL, Petitioner v.
COMMISSIONER OF INTERNAL REVENUE, Respondent

Docket No. 8532-06S.

Filed March 13, 2008.

Jay Andrew Reindl, pro se.

Steven M. Webster, for respondent.

SWIFT, Judge: This case was heard pursuant to the provisions of section 7463 of the Internal Revenue Code in effect when the petition was filed. Pursuant to section 7463(b), the decision to be entered is not reviewable by any other court, and this opinion shall not be treated as precedent for any other case.

Respondent determined a \$3,720 additional tax under section 72(t)(1) relating to petitioner's Federal income tax for 2004.

Unless otherwise indicated, all section references are to the Internal Revenue Code in effect for 2004.

The sole issue for decision is whether under section 72(t) petitioner owes a 10-percent additional tax on an early distribution from his individual retirement account (IRA).

Background

Some of the facts have been stipulated and are so found.

At the time the petition was filed, petitioner resided in North Carolina.

Before 1998, petitioner worked and contributed to an IRA.

During 1998 through 2004, petitioner was employed at various temporary jobs and borrowed money from family members to pay personal expenses.

In 2004, petitioner received as his only source of taxable income a \$37,200 early distribution from his IRA. At the time of the distribution, petitioner had not attained age 59-1/2, and Federal income taxes of \$7,440 were withheld from the distribution to petitioner.

On his timely filed 2004 individual Federal income tax return, petitioner reported the entire \$37,200 IRA distribution as taxable income, and he reported a \$4,056 Federal income tax

liability thereon. Petitioner, however, did not report a section 72(t) 10-percent additional tax on his early IRA distribution.

On audit, respondent determined that the section 72(t) 10-percent additional tax applied to petitioner's taxable \$37,200 IRA distribution.

Discussion

Generally, a distribution to a taxpayer from an IRA before the taxpayer attains age 59-1/2 is subject to a 10-percent additional tax on the taxable amount of the distribution. Sec. 72(t)(1). There are only narrow statutory exceptions to this rule. See, e.g., Duronio v. Commissioner, T.C. Memo. 2007-90 (exception under section 72(t)(2)(E) for early distribution to pay qualified higher education expenses).

Petitioner does not argue that any recognized exception to the general rule under section 72(t)(1) is applicable herein. Petitioner, however, argues that his financial hardship should except him from the 10-percent additional tax under section 72(t)(1).

While we sympathize with petitioner's financial hardship, no statutory or case authority provides an exception from imposition of the additional tax under section 72(t) for financial

hardship.¹ Arnold v. Commissioner, 111 T.C. 250, 255 (1998); Thompson v. Commissioner, T.C. Memo. 2007-327; Cole v. Commissioner, T.C. Memo. 2006-44; Gallagher v. Commissioner, T.C. Memo. 2001-34; Deal v. Commissioner, T.C. Memo. 1999-352; Duffy v. Commissioner, T.C. Memo. 1996-556; Pulliam v. Commissioner, T.C. Memo. 1996-354.

Petitioner also argues that his ignorance of the 10-percent additional tax should except him from liability to pay it. However, as a general rule, taxpayers are charged with knowledge of the tax laws. Harrington v. Commissioner, 93 T.C. 297, 314 (1989).

We conclude that under section 72(t) petitioner is liable for the 10-percent additional tax with respect to his \$37,200 early IRA distribution.

To reflect the foregoing,

Decision will be entered
for respondent.

¹ Not applicable to petitioner's financial hardship (and not effective before Dec. 21, 2005) is a statutory exception to the imposition of the additional tax under sec. 72(t) applicable to certain victims of hurricanes Katrina, Rita, and Wilma. Sec. 1400Q(a)(1), (4)(A); Gulf Opportunity Zone Act of 2005, Pub. L. 109-135, sec. 201(a), 119 Stat. 2596.